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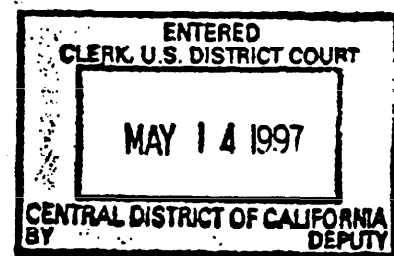
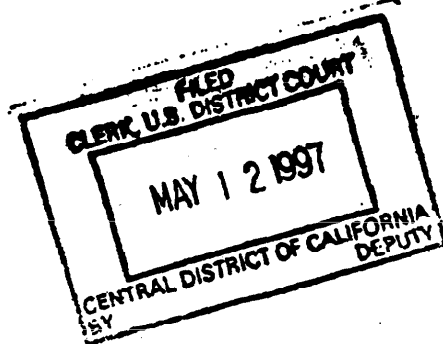
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IN THE UNITED STATES DISTRICT COURT  
 FOR THE CENTRAL DISTRICT OF CALIFORNIA

17 UNITED STATES OF AMERICA )

18 Plaintiff, )

CIVIL NO. 93-6490-MRP

19 v. )

20 SECOND  
PARTIAL CONSENT DECREE

21 ALLIED-SIGNAL, INC., et al., )

22 Defendants. )

23 STATE OF CALIFORNIA )

24 Plaintiff, )

25 v. )

26 SECOND  
PARTIAL CONSENT DECREE

27 ALLIED-SIGNAL, INC., et al., )

28 Defendants. )

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TABLE OF CONTENTS

I.	<u>BACKGROUND</u>	1
II.	<u>DEFINITIONS</u>	8
III.	<u>JURISDICTION</u>	12
IV.	<u>PARTIES BOUND</u>	13
V.	<u>REIMBURSEMENT OF RESPONSE COSTS</u>	13
VI.	<u>COVENANTS NOT TO SUE AND RESERVATIONS OF RIGHTS</u>	18
VII.	<u>CONTRIBUTION PROTECTION</u>	26
VIII.	<u>NHOU SITE ACCESS</u>	28
IX.	<u>ACCESS TO INFORMATION</u>	29
X.	<u>RETENTION OF RECORDS</u>	31
XI.	<u>NOTICES AND SUBMISSIONS</u>	33
XII.	<u>RETENTION OF JURISDICTION</u>	34
XIII.	<u>LODGING AND OPPORTUNITY FOR PUBLIC COMMENT</u>	34
XIV.	<u>SECTION HEADINGS</u>	35
XV.	<u>SIGNATORIES</u>	35

1 I. BACKGROUND

2 A. COMPLAINTS. On October 26, 1993, the United States of  
3 America ("United States"), on behalf of the Administrator of the  
4 United States Environmental Protection Agency ("EPA"), and, on  
5 October 29, 1993, the State of California ("State"), on behalf of  
6 the State Department of Toxic Substances Control (formerly, the  
7 Toxic Substances Control Program of the State Department of  
8 Health Services), filed complaints in this matter pursuant to  
9 Sections 107 and 113 of the Comprehensive Environmental Response,  
10 Compensation, and Liability Act of 1980 ("CERCLA"), as amended,  
11 42 U.S.C. §§ 9607 and 9613. Both the United States and the State  
12 ("Plaintiffs") filed, prior to the lodging of this Consent  
13 Decree, amended complaints, which add additional defendants to  
14 the original complaints. In the amended complaints, the  
15 Plaintiffs seek recovery of response costs incurred by the  
16 Plaintiffs in connection with actions taken pursuant to CERCLA in  
17 response to releases and threatened releases of hazardous  
18 substances from the Defendants' facilities in the San Fernando  
19 Valley Groundwater Basin ("Basin") and at the North Hollywood  
20 Operable Unit Site ("NHOUSite") within the Basin.

21 B. SITE DESCRIPTION.

22 1. Basin. The San Fernando Valley Superfund Sites  
23 ("SFV Sites") are located in the eastern half of the Basin,  
24 between the San Gabriel and the Santa Monica Mountains, in Los  
25 Angeles County, California. EPA has divided the SFV Sites in two  
26 different ways. For the purpose of placing the SFV Sites on the  
27 National Priorities List ("NPL"), EPA divided the SFV Sites into  
28 the following four areas based on the location of drinking water

1 well fields that were known to be contaminated by volatile  
2 organic compounds ("VOCs") in 1984: Area 1 (North Hollywood  
3 Area), Area 2 (Crystal Springs Area), Area 3 (Verdugo Basin), and  
4 Area 4 (Pollock Area). Once more was known about the extent of  
5 groundwater contamination and for the purpose of accelerating the  
6 investigation and cleanup of the SFV Sites, EPA divided the SFV  
7 Sites into the following five Operable Units ("OUs"): North  
8 Hollywood (the NHOU Site), Burbank, Glendale North, Glendale  
9 South, and Pollock.

10           2.    NHOU Site. This Consent Decree focuses on the  
11 NHOU Site, originally listed as part of the San Fernando Valley  
12 Area 1/North Hollywood Area NPL site. The NHOU Site is comprised  
13 of the areal extent of hazardous substance groundwater  
14 contamination that is presently located in the vicinity of the  
15 North Hollywood Well Field and includes any areas to which and  
16 from which such hazardous substance groundwater contamination  
17 migrates.

18           C.    NATURE OF SITE CONTAMINATION. Tests conducted in the  
19 early 1980s to determine the presence of certain industrial  
20 chemicals in the State's drinking water revealed extensive VOC  
21 contamination in the Basin's groundwater. The primary  
22 contaminants of concern were and are the solvents trichloroethene  
23 ("TCE") and tetrachloroethene ("PCE"), widely used in a variety  
24 of industries including metal plating, machinery degreasing, and  
25 dry cleaning. By August 1985, groundwater from 27 of the 35  
26 production wells in the North Hollywood Well Field alone exceeded  
27 the Federal Maximum Contaminant Level ("MCL") for TCE. MCLs are  
28 drinking water standards established under the Safe Drinking

1 Water Act of 1974, as amended, 42 U.S.C. § 300f et seq. Other  
2 VOC contaminants in the Basin have also been detected above their  
3 MCLs. As a result of this groundwater contamination, many  
4 production wells have been taken out of service, despite the fact  
5 that the Basin's groundwater has been used to supply the domestic  
6 water needs of approximately 800,000 people. According to recent  
7 estimates, the plumes of TCE contamination above the MCL in the  
8 Basin's groundwater extend over an area eleven miles long and as  
9 great as three miles wide.

10 D. NPL LISTING. In June 1986, EPA placed the SFV Sites,  
11 which include the NHOU Site, on the NPL (see 51 Federal Register  
12 21054). The NPL is promulgated pursuant to Section 105 of  
13 CERCLA, 42 U.S.C. § 9605, and is a list of the most seriously  
14 contaminated hazardous substances sites in the country (see 40  
15 C.F.R. Part 300, Appendix B). As stated in Section I.B.1 above,  
16 the SFV Sites listed on the NPL are Area 1 (North Hollywood  
17 Area), Area 2 (Crystal Springs Area), Area 3 (Verdugo Basin), and  
18 Area 4 (Pollock Area). The original boundaries of the SFV Sites  
19 were based on the location of the drinking water well fields that  
20 were known to be contaminated by VOCs in 1984. Groundwater data  
21 collected since 1984 show that VOC groundwater contamination  
22 extends beyond the original boundaries drawn at the time the SFV  
23 Sites were placed on the NPL.

24 E. OU DESIGNATION. In 1985, EPA determined that the most  
25 effective way of dealing with the spreading groundwater  
26 contamination in the Basin was to divide the SFV Sites into OUs.  
27 Each OU represents a discrete, interim remedial action that will  
28 inhibit the migration of contamination in the groundwater prior

1 to the completion of a Basin-wide Remedial Investigation ("RI")  
2 and Feasibility Study ("FS") and selection of any Basin-wide  
3 remedial actions. As stated in Section I.B.1 above, EPA has  
4 identified the following five OUs: North Hollywood (the NHOU  
5 Site), Burbank, Glendale North, Glendale South, and Pollock. EPA  
6 has issued Record of Decision ("ROD") documents selecting interim  
7 remedial actions for four of these OUs: NHOU Site (1987),  
8 Burbank OU (1989), and Glendale North and South OUs (1993).

9 F. NHOU SITE FS AND ROD. In November 1986, pursuant to a  
10 cooperative agreement with EPA and the State of California, the  
11 Los Angeles Department of Water and Power ("LADWP") completed an  
12 OU FS for the NHOU Site. After providing an opportunity for the  
13 public to comment on the completed OU FS, in September 1987, EPA  
14 issued a ROD for the NHOU Site. The interim remedial action  
15 selected in the 1987 NHOU ROD is fifteen years of groundwater  
16 extraction and treatment.

17 G. NHOU SITE INTERIM REMEDIAL ACTION. In 1989, pursuant  
18 to another cooperative agreement with EPA and the State of  
19 California, LADWP constructed the NHOU Site groundwater  
20 extraction and treatment facilities. These facilities pump out  
21 contaminated groundwater, remove the contaminants from the  
22 groundwater, and convey the treated groundwater to LADWP's pump  
23 station for distribution to the public. Consistent with Section  
24 104(c)(3) of CERCLA, 42 U.S.C. § 9604(c)(3), EPA paid for ninety  
25 percent and the State paid for ten percent of the construction  
26 costs of the extraction and treatment facilities; and EPA is  
27 paying for ninety percent and the State is responsible for paying  
28 ten percent of the operating costs of the NHOU Site interim

1 remedial action. Pursuant to its cooperative agreement with EPA  
2 and the State of California, LADWP will continue to operate and  
3 maintain the NHOU Site Interim Remedial Action.

4 H. BASIN-WIDE GROUNDWATER AND SOIL CLEANUP ACTIVITIES.

5 Remediation of groundwater in the Basin is a collaborative  
6 undertaking of EPA, the State, LADWP, and the California Regional  
7 Water Quality Control Board, Los Angeles Region ("RWQCB"). In  
8 December 1992, pursuant to another cooperative agreement with  
9 EPA, LADWP completed the Phase 1 Basin-wide groundwater RI. EPA  
10 has begun preparing a Basin-wide groundwater FS. In addition to  
11 groundwater investigation and remediation activities, EPA, in  
12 conjunction with the State and RWQCB, has conducted and continues  
13 to conduct soil investigations at individual facilities  
14 throughout the Basin to uncover potential sources of groundwater  
15 contamination. In September 1989, EPA entered into a cooperative  
16 agreement with RWQCB to provide funds to augment the State's  
17 program to investigate sources of groundwater contamination in  
18 the Basin.

19 I. PLAINTIFFS' ALLEGATION OF DEFENDANTS' LIABILITY. The  
20 Plaintiffs allege that: (i) the past, present, or potential  
21 migrations of "hazardous substances," as defined in Section  
22 101(14) of CERCLA, 42 U.S.C. § 9601(14), from the Defendants'  
23 "facilities," as defined in Section 101(9) of CERCLA, 42 U.S.C.  
24 § 9601(9), constitute actual or threatened "releases," as defined  
25 in Section 101(22) of CERCLA, 42 U.S.C. § 9601(22); (ii) the  
26 Defendants are persons subject to liability under Section 107(a)  
27 of CERCLA, 42 U.S.C. § 9607(a); (iii) the releases or threatened  
28 releases of hazardous substances from the Defendants' facilities



1 have caused the Plaintiffs to incur and to continue to incur  
2 "response" costs, within the meaning of Section 101(25) of  
3 CERCLA, 42 U.S.C. § 9601(25); and (iv) the actions taken by the  
4 Plaintiffs in response to releases or threatened releases of  
5 hazardous substances from the Defendants' facilities were not  
6 inconsistent with the National Contingency Plan.

7 J. SETTLING DEFENDANTS' DENIAL OF LIABILITY. The  
8 Defendants that have entered into this Consent Decree ("Settling  
9 Defendants") do not admit and expressly deny any liability to the  
10 Plaintiffs arising out of the transactions or occurrences alleged  
11 in the amended complaints or as set forth above. The Plaintiffs  
12 and the Settling Defendants agree that neither this Consent  
13 Decree, nor the entry into settlement, nor any payments pursuant  
14 to this Consent Decree shall constitute or be construed as a  
15 finding or an admission, adjudication or acknowledgement of any  
16 fact or law, or of any liability, fault or wrongdoing, or  
17 evidence of such, or an admission of violation of any law, rule  
18 or regulation by Settling Defendants nor as an estoppel or waiver  
19 of any defenses of Settling Defendants except as provided in  
20 Section VI.G of this Consent Decree.

21 K. PURPOSE.

22 1. Pursuant to a cooperative agreement with EPA and  
23 the State of California, LADWP is implementing the NHOUS Site  
24 Interim Remedial Action selected in the 1987 NHOUS ROD. The  
25 purpose of this Consent Decree is to avoid prolonged litigation  
26 and to provide for the Settling Defendants' payment of specified  
27 amounts of the past and future response costs for the NHOUS Site  
28 Interim Remedial Action selected in the 1987 NHOUS ROD and of the

1 past costs of Basin-wide investigations relating to their  
2 facilities located at the NHOU Site in full and complete  
3 satisfaction of any and all claims against Settling Defendants  
4 for such costs.

5           2.    The parties to this Consent Decree ("Parties")  
6 recognize that the Settling Defendants' payment represents only a  
7 part of the total cost of the NHOU Site Interim Remedial Action  
8 selected in the 1987 NHOU ROD and of the past costs of Basin-wide  
9 investigations relating to the facilities located at the NHOU  
10 Site.

11           3.    In entering into this Consent Decree, the  
12 Plaintiffs have considered the circumstances of the releases and  
13 threatened releases of hazardous substances in the Basin, the  
14 involvement of the Settling Defendants in the ownership and/or  
15 operation of facilities located at the NHOU Site and the  
16 willingness and capacity of Settling Defendants and the other  
17 Defendants to resolve this matter.

18           4.    The Parties agree, and the Court by entering this  
19 Consent Decree finds, that this Consent Decree has been  
20 negotiated by the Parties in good faith and implementation of  
21 this Consent Decree will expedite the cleanup of the NHOU Site  
22 and will avoid prolonged and complicated litigation between the  
23 Parties, and that this Consent Decree is fair, reasonable, and in  
24 the public interest.

1        THEREFORE, with the consent of the parties to this Consent  
2 Decree, it is ORDERED, ADJUDGED, AND DECREED:

3                                II.    DEFINITIONS

4        Unless otherwise expressly provided herein, terms used in  
5 this Consent Decree that are defined in CERCLA or in regulations  
6 promulgated under CERCLA shall have the meaning assigned to them  
7 in CERCLA or in such regulations. Whenever terms listed below  
8 are used in this Consent Decree or in any appendices attached  
9 hereto and incorporated hereunder, the following definitions  
10 shall apply:

11        A.    "Basin-wide Response Costs" shall mean all costs that  
12 the Plaintiffs have incurred or may incur for Basin-wide/non-  
13 operable unit specific investigations or other non-operable unit  
14 specific response actions.

15        B.    "CERCLA" shall mean the Comprehensive Environmental  
16 Response, Compensation, and Liability Act of 1980, as amended, 42  
17 U.S.C. §§ 9601 et seq.

18        C.    "Certification of Completion" shall mean EPA's  
19 certification pursuant to Section 122(f)(3) of CERCLA, 42 U.S.C.  
20 § 9622(f)(3), that all remedial actions have been completed that  
21 relate to the NHOU Site in accordance with the requirements of  
22 the National Contingency Plan and any applicable Record of  
23 Decision.

24        D.    "Consent Decree" or "Second Partial Consent Decree"  
25 shall mean this Decree and any attached appendices. In the event  
26 of conflict between this Decree and any appendix, this Decree  
27 shall control. "First Consent Decree" shall mean the Partial  
28 Consent Decree in this action lodged with this Court on March 14,

1 1996 and entered by this Court on August 8, 1996.

2 E. "Day" shall mean a calendar day. In computing any  
3 period of time under this Consent Decree, where the last day  
4 would fall on a Saturday, Sunday, or Federal Holiday, the period  
5 shall run until the close of business of the next working day.

6 F. "EPA" shall mean the United States Environmental  
7 Protection Agency and any successor departments or agencies of  
8 the United States.

9 G. "Future Basin-wide Response Costs" shall mean all  
10 Basin-wide response costs that EPA has incurred or will incur  
11 after April 30, 1992 and that the State has incurred or will  
12 incur after December 31, 1993.

13 H. "Interest," in accordance with Section 107(a) of  
14 CERCLA, 42 U.S.C. § 9607(a), shall mean interest at the rate  
15 specified for interest on investments of the Hazardous Substance  
16 Superfund established pursuant to the Internal Revenue Code, 26  
17 U.S.C. § 9507. In calculating interest, Plaintiffs may compound  
18 on a monthly or annual basis.

19 I. "Interim Remedial Action" shall mean the interim  
20 remedial action selected in the 1987 NHOU ROD.

21 J. "North Hollywood Operable Unit" or "NHOU Site" shall  
22 mean the areal extent of hazardous substance groundwater  
23 contamination that is presently located in the vicinity of the  
24 North Hollywood Well Field and includes any areas to which and  
25 from which such hazardous substance groundwater contamination  
26 migrates. EPA has determined that each of the Settling  
27 Defendants named in its amended complaints has owned and/or  
28 operated and/or currently owns and/or operates facilities that